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An Introduction to the Local Authorities Pension Plan

ALBERTA

THE PUBLIC SERVICE PENSION BOARD
TERRACE BUILDING
EDMONTON 6, ALBERTA

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INTRODUCTION

The Local Authorities Pension Act came into effect on April 1, 1962. The purpose of the Act was to establish a pension plan for employees of local authorities.

A LOCAL AUTHORITY is defined under the Pension Act as the council of a city, town, village, county or municipal district; the board of trustees of a school division or district; the board of any hospital approved in The Alberta Hospitals Act; a regional planning Commission established under The Planning Act; the Alberta Association of Municipal Districts and Counties; the Alberta Urban Municipalities Association; Alberta School Trustees Association; Alberta Hospital Association or any other body declared to be a local authority by the Lieutenant Governor in Council.

The Plan is in two parts. Under Part I retirement benefits are based on the salary and length of service of an employee. Under Part II the retirement benefits are based on accumulated contributions (plus interest) made by the employer and employee who is not eligible to participate under Part I. Greater benefits are realized under Part I of the Plan.

The Local Authorities Pension Plan is administered by the Public Service Pension Board established under the Public Service Pension Act, consisting of not more than five members appointed by the Lieutenant Governor in Council.

APPLICATION

Any local authority may apply to the Pension Board to bring its employees or any class of employees under the Pension Plan by completing the enclosed form LA-22 "APPLICATION" and forwarding it to the Public Service Pension Board.

There are certain procedures that must be followed in registering employees, establishing prior service and salary, and the completion of forms necessary for the administration of the Plan. These procedures are detailed in the "Employer's Manual" which is issued to the participating local authority upon acceptance of the application.

PARTICIPATION

ELIGIBILITY

An employee to be eligible to come under Part I of the Pension Plan must be less than 55 years of age at the commencement of his service and must be employed on a full-time continuous basis for a minimum average of 30 hours per week.

a) A part-time or seasonal employee is NOT eligible to come under Part I of the Plan.

b) A seasonal employee may be brought under Part II and later if he becomes employed on a full-time continuous basis he may be transferred to Part I.

c) An employee between the ages of 55 and 60 at the commencement of service may be brought under Part II of the Plan.

d) Persons working under contract or paid on an honorarium or a fee basis are NOT eligible to participate in the Plan.

Where employees of a local authority are brought under the Pension Plan it becomes a condition of employment that every eligible employee, or every eligible employee of a class, participate.

REGISTRATION

A local authority may set an effective date of participation in the Plan for all its employees, or for any class of employees, upon commencement of employment or at any time thereafter until the first year of service has been completed. Upon completion of the first year of service, participation is compulsory except in the case of married women.

MARRIED WOMEN

Participation in the Plan is optional for married female employees, who are not widowed, divorced or legally separated and whose husbands are capable of gainful employment, and they are given two years within which to decide whether or not they wish to participate.

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If a married female decides to participate, she shall be subject to the conditions governing employees for whom participation is a condition of employment. She may not withdraw from the Plan except on termination of employment.

CONTRIBUTIONS

EMPLOYEE

Every eligible employee must contribute at the rate of 3.5% of his salary up to the year's maximum pensionable earnings under the Canada Pension Plan, and at a rate of 5% of that portion of salary earned over that maximum.

EMPLOYER

In respect of each of its employees the local authority shall make contributions at the rate of 4.5% of the employee's salary up to the year's maximum pensionable earnings under the Canada Pension Plan, and 6% of that portion of salary over the maximum in respect of service on and after the effective date of participation in the Pension Plan.

TRANSFER OF CONTRIBUTIONS FROM A FORMER PLAN

When a local authority desires to bring its employees under the Pension Plan and it has employees who are already participating in another retirement or pension plan, the local authority should negotiate directly with the administrators of the other plan regarding the terms upon which the plan be liquidated and the employee and employer contributions transferred to the Local Authorities Pension Plan.

CONTRIBUTIONS DEPOSITED

Contributions made by each employee and local authority are deposited by the Pension Board in the General Revenue Fund of the Province of Alberta, and a separate account of the contributions in respect of each employee and local authority is kept. The payment of all benefits is guaranteed by the Government of the Province of Alberta.

REFUNDS OR TRANSFERS

When an employee terminates his employment before he is entitled to receive a pension, he is entitled to the following options:

- a refund of pension contributions, plus interest if contributions have been made on a period of service of not less than one year;

- a deferred pension between the ages of 60 and 65, providing he has not less than 10 years pensionable service;

- contributions may be transferred to another registered pension or retirement savings plan.

REFUND OF EMPLOYER CONTRIBUTIONS

Employer contributions are not refunded upon the termination of an employee's service, but remain in the fund to help defray the cost of benefits granted to those employees who remain in the service to retirement age.

PENSIONABLE SERVICE

Pensionable service is service that is taken into account in computing a pension. This may include service with local authorities; the Alberta Government; Canadian or Allied Armed Forces; Federal and Provincial Governments; Canadian cities, towns, and municipalities, school divisions, counties, hospitals; service as a teacher in Canada; any public body approved by the Board and leave of absence without pay, upon the terms and conditions stipulated in the Pension Act and Regulations.

The number of years of service that can be recognized as pensionable will determine the amount of pension to be granted upon retirement. For every year of past service which is established as pensionable, 2% of salary is added to pension benefits. It is, therefore, to the employee's benefit to establish as much pensionable service as possible.

The maximum service that can be recognized as pensionable is 35 years.

RETIREMENT

NORMAL RETIREMENT

Retirement under the Pension Plan is at age 65 and an employee shall retire upon reaching his 65th birthday. If employment continues after the age of 65, payment of pension shall not start until the actual termination of employment.

EARLY RETIREMENT

An employee whose pensionable service is not less than 25 years may retire at any time after he has attained the age of 60 years on a full formula pension (not actuarially reduced).

An employee whose service is not less than 35 years may retire at any time after he has attained the age of 55 years on a full formula pension.

An employee whose pensionable service is not less than 10 years may retire any time after he has attained the age of 55 years on a reduced pension upon the approval of the Pension Board.

DISABILITY

An employee whose pensionable service is not less than 10 years and who from mental or physical disability has become incapable of effectively performing his regular duties may retire at any age upon the approval of the Pension Board. In most cases the pension is reduced in accordance with the employee's age unless retirement is for reasons of total disability.

PENSION BENEFITS

NORMAL PENSION

The basic pension granted under the Pension Plan is called a "normal pension." The normal pension is payable

for the life of the pensioner with a guaranteed payment for the term of five years.

The amount of a normal pension is determined by the length of the employee's pensionable service and his average annual salary during the five consecutive years of his service when his salary was highest.

The maximum pensionable service is 35 years; minimum pensionable service is 10 years.

A normal pension is the combined sum of the following computations:

2% of the average annual salary multiplied by the number of years of service prior to January 1, 1966,

plus

1.4% of the average annual salary to the year's maximum pensionable earnings under the Canada Pension Plan, multiplied by the number of years service after January 1, 1966,

plus

2% of the average annual salary over the year's maximum pensionable earnings, multiplied by the number of years of service after January 1, 1966.

ALTERNATIVE PENSIONS

There is a choice of alternative pensions given under the Local Authorities Pension Plan which are an actuarial value equivalent to the normal pension and which give a greater protection to the beneficiary.

a) SINGLE LIFE

An employee may choose a single life pension which is a pension payable for the life of the pensioner and ceases at his death. This pension is slightly higher than the normal pension and is often chosen by those who have no dependents.

b) GUARANTEED TERM

A guaranteed term is a pension payable for life or a term of years certain, whichever is longer. The pension is payable for the life of the pensioner, but on death will be paid to his beneficiary or estate for the remainder of the guaranteed period.

c) JOINT LIFE

The employee may elect to have his pension payable for the joint lives of he and his spouse. This may be a fixed amount that will be payable as long as either shall live. The ratio of the joint life to the normal pension depends upon the age of the nominee and is less than the normal pension.

DEFERRED PENSION

A person may elect to receive a deferred pension at any time if he has not less than 10 years pensionable service. This type of pension is provided for those who leave the service of the local authority before they are eligible to receive an immediate pension and do not take a refund of contributions. The pension will be available any time between the ages of 60 and 65.

The amount of deferred pension is calculated and paid on the same basis as a pension payable immediately upon retirement. All options are available under a deferred pension.

COST OF LIVING BONUS

The Pension Board is authorized to make adjustments in pensions for the purpose of maintaining an approximate parity with the cost of living. Each year a review is made to determine if, and for how much, an adjustment will be.

DEATH BENEFITS

In the event of the death of an employee who has established 10 or more years of pensionable service, his spouse is entitled to receive a pension for her life.

The pension is usually from 75% to 80% (depending upon age) of the normal pension the deceased would have received had he reached the age of 65.

If the deceased had less than 10 years of pensionable service, the widow is entitled to double the employee's contributions plus interest.

Where an employee has named his spouse as his first beneficiary and a dependent child under 21 years of age as second beneficiary; in the event of the death of both the employee and the first-named beneficiary, the surviving dependent child will receive double the employee's contributions plus interest.

Other beneficiaries, including an estate, receive a refund of employee contributions plus interest.

PART II

OF THE PENSION PLAN

PARTICIPATION

Under Part II of the Plan an employee is defined as a person who is employed on a seasonal or a full-time continuous basis by a participating local authority and who is not eligible for benefits under Part I. It does not include part-time employees who work less than an average of thirty hours per week.

Participation is voluntary and it requires the consent of both the employee and employer. An employee is not eligible to participate under this Part if he was more than 60 years of age at the commencement of his service.

CONTRIBUTIONS

Employee contributions may be made at any rate from 3% to 10% of salary and the employer is required to match the contributions up to 5%.

When an employee terminates his employment before he is entitled to benefits, both the employee and employer contributions, and the interest thereon, are refunded to the employee and employer respectively.

RETIREMENT AND BENEFITS

Under Part II an employee who has contributed on a period of service of not less than five years may retire at any time after he has reached the age of 60 and receive an annuity in the amount that may be purchased by the combined sum of employee and employer contributions and interest, or a lump sum payment of such contributions and interest.

APPENDIX "A"

This appendix contains:

- a list of the local authorities currently participating in the Local Authorities Pension Act;
- participating classes approved by the Pension Board;
- bodies with whom there is currently a reciprocal agreement; and
- approved public bodies.

PARTICIPATING LOCAL AUTHORITIES

Cities

Camrose
Edmonton
Grande Prairie
Lethbridge
Medicine Hat
Red Deer
Wetaskiwin

Towns

Athabasca
Barrhead
Cardston
Castor
Claresholm
Coaldale
Devon
Edson
Fort McMurray
Fort Saskatchewan
Gleichen
Grande Cache
Granum
Grimshaw

Towns - Con't

High Level
High River
Hinton
Innisfail
Olds
Oyen
Ponoka
Rainbow Lake
Raymond
Redwater
Rocky Mountain House
Sedgewick
Stavely
Stony Plain
Swan Hills
Taber
Trochu
Valleyview
Vauxhall
Vermilion
Westlock
Whitecourt

Villages

Airdrie
Barons
Carstairs
Crossfield
Irma
Youngstown

Counties

Athabasca
Barrhead
Beaver
Camrose
Flagstaff
Forty Mile
Grande Prairie
Lacombe
Lac Ste. Anne
Lamont
Leduc
Lethbridge
Minburn
Mountain View
Newell
Paintearth
Parkland
Ponoka
Red Deer
Smoky Lake
St. Paul
Stettler
Strathcona
Thorhild
Two Hills
Vermilion River
Vulcan
Warner
Wetaskiwin
Wheatland

Municipal Districts

Acadia
Bonnyville
Cardston
Fairview
Foothills
Kneehill
Peace

Municipal Districts Con't

Rockyview
Spirit River
Starland
Stony Plain
Sturgeon
Taber
Wainwright
Willow Creek

School Divisions and Districts

Acadia School Division
Banff School District
Barons Consolidated School District
Berry Creek School Division
Bonnyville School Division
Calgary School Division
Camrose School District
Cardston School Division
Drumheller Valley School Division
East Smoky School Division
Edmonton Public School Board
Edmonton Separate School Board
Fairview School Division
Foothills School Division
Fort Vermilion School Division
Grande Prairie School District
Hanna School District
High Prairie School Division
Jasper School District
Lac La Biche School Division
Lethbridge Catholic Separate School District
Lethbridge School District
Medicine Hat Roman Catholic Separate School District
Medicine Hat School Division
Medicine Hat School District
Neutral Hills School Division
Northland School Division
Peace River School Division
Pincher Creek School Division
Provost School Division
Red Deer Public School District
Rocky Mountain School Division
Starland School Division
Sturgeon School Division
Sullivan Lake School Division
St. Albert School District

School Divisions and Districts Con't

St. Paul School District
Taber School Division
Three Hills School Division
Wainwright School Division
Westlock School Division
Willow Creek School Division
Yellowhead School Division

Commissions and Developments

Calgary Regional Planning Commission
Medicine Hat Regional Planning Commission
Oldman River District Planning Commission
Peace River Regional Planning Commission

Hospitals

Alberta Children's Hospital
Allen Gray Auxiliary Hospital
Archer Memorial Hospital
Athabasca Municipal Hospital
Bassano General Hospital
Beaverlodge Municipal Hospital
Bentley Municipal Hospital
Berwyn Municipal Hospital
Bethany Auxiliary Hospital, Calgary
Bethany Auxiliary Hospital, Camrose
Border Counties General Hospital
Bow Island General Hospital
Breton General Hospital
Brooks General Hospital
Calgary Auxiliary Hospital
Cardston Municipal Hospital
Claresholm Municipal Hospital
Consort Municipal Hospital
Coronation Municipal Hospital
Didsbury Municipal Hospital
Dr. Dan MacCharles Auxiliary Hospital
Dr. Richard Parsons Auxiliary Hospital

Hospitals Con't

Drayton Valley Municipal Hospital
Drumheller Auxiliary Hospital
Drumheller General Hospital
Eckville Municipal Hospital
Edmonton General Hospital
Elk Point Municipal Hospital
Elnora Municipal Hospital
Empress Municipal Hospital
Flagstaff Beaver Auxiliary Hospital
Foothills Provincial General Hospital
Fort Saskatchewan General Hospital
General Hospital, Killam
George McDougall Memorial Hospital
Glenrose Provincial General Hospital
Good Samaritan Hospital
Grace Hospital, Calgary
Grande Prairie Auxiliary Hospital
Grande Prairie Municipal Hospital
Hanna Municipal Hospital
High River Municipal Hospital
Holy Cross Hospital, Calgary
Hotel Dieu of St. Joseph Auxiliary, Whitelaw
Hythe Municipal Hospital
Immaculata Hospital
Innisfail General Hospital
Islay Municipal Hospital
John Neil Hospital
Lacombe General Hospital
Lamont-Smoky Lake Auxiliary Hospital
Lethbridge Auxiliary Hospital
Lethbridge Municipal Hospital
Little Bow Municipal Hospital
Lloydminster Hospital
Lynnwood Auxiliary Hospital
MacLeod Municipal Hospital
Magrath Municipal Hospital
Manning Municipal Hospital
Mannville Municipal Hospital

Hospitals - Con't

Medicine Hat General Hospital
Minieral Springs Hospital
Misericordia Hospital
Mountain View - Knee hill
Auxiliary Hospital
Myrnam Municipal Hospital
Norwood Auxiliary Hospital
Olds Municipal Hospital
Our Lady of the Rosary
Hospital, Castor
Our Lady's Hospital, Vilna
Oyen Municipal Hospital
Peace River Fairview Auxiliary
Hospital
Peace River Municipal Hospital
Picture Butte Municipal Hopital
Ponoka General Hospital
Providence Hospital, Daysland
Providence Hospital, High Prairie
Provost Municipal Hospital
Red Deer Auxiliary Hospital
Red Deer General Hospital
Rimbey Auxiliary Hospital
Rimbey General Hospital
Rocky Mountain House
Municipal Hospital
Rockyview General Hospital
Royal Alexandra Hospital
Sacred Heart Hospital,
McLennan
Seton Hospital, Jasper
Stettler Auxiliary Hospital
Stettler Municipal Hospital
Sturgeon General Hospital
Stony Plain Municipal
Hospital
Sundre General Hospital
St. Anne's Hospital,
Hardisty
St. John's Hospital, Edson
St. Joseph's Hospital,
Barrhead
St. Joseph's Hospital,
Edmonton
St. Joseph's Hospital,
Galahad
St. Joseph's Hospital
Radway

Hospitals - Con't

St. Joseph's Hospital,
Vegreville
St. Louis Hospital,
Bonnyville
St. Mary's Hospital,
Camrose
St. Mary's Hospital,
Trochu
St. Michael's General
Hospital, Lethbridge
St. Theresa's Hospital,
St. Paul
St. Vincent's Hospital,
Pincher Creek
Taber General Hospital
Three Hills Municipal
Hospital
Tofield Municipal Hospital
Turner Valley Municiapl
Hospital
Two Hills Municipal Hospital
Vermilion Municipal Hospital
Viking Municipal Hospital
Vulcan Municipal Hospital
Wainwright Genral Hospital
Wainwright Provost Auxiliary
Hospital
Wetaskiwin Municipal Hospita
Whitecourt General Hospital
Willow Creek Claresholm
Auxiliary Hospital

Miscellaneous

Alberta Association of
Municipal Districts
Alberta Catholic School
Trustee's Association
Alberta Hospital Association
Alberta Housing Corporation
Alberta School Trustee's
Association
Alberta Urban Municipalities
Association
Bethany Nursing Home, Camros
Eastern Irrigation District
Edmonton Exhibition
Association
Grande Prairie College
Greater Edmonton Foundation

Miscellaneous Con't

Lethbridge Junior College
Lethbridge Northern Irrigation District
Medicine Hat Public Library
Metropolitan Calgary Foundation
Mount Royal Junior College
Parkland Regional Library
Red Deer and District Emergency Measures Unit
Red Deer Junior College

APPROVED CLASSES

The Pension Board has defined Classes of employees as listed below and any deviation from these classes must first be approved by the Board.

ACCOUNTING & CLERICAL	ADMINISTRATIVE	AID CLASS
Accountant Bookkeeper Medical Recorder Office Clerk Receptionist Secretary (clerical) Stenographer	Administrator Controller Secty.-Treasurer Asst. Secty.-Treas. Bursar City or Town Manager City Clerk Director Executive Director Adm. Accountant Librarian Office Manager (sr) Personnel Offr./Dir. Treasurer Purchasing Agent Secretary (Adm.) Recreational Director	Aid Instructor Cer. Nursing Aide Nurses Aide Orderly Ward Aide Patient Care
DOCTORS	**DOMESTIC**	**FOREMEN**
Gen. Practitioner Anesthesiologist Bacteriologist Radiologist	Cafeteria Help Chef Cook Dietician Dietary Help Housekeeper Kitchen Help Laundry Help Maid Matron Seamstress Asst. Matron	School Foreman Town Foreman Road Foreman Shop Foreman
		INSPECTION
		Inspector Agr. Fieldman

INSTRUCTORS	NURSING	MAINTENANCE
Instructor Teacher	General Nurse Registered Nurse Head Nurse Nursing Instructor Nurse	Arena Iceman Caretaker Gardener Janitor Maint. Worker Repair Man Yardman Custodian
POLICE	PUBLIC WORKS	REGIOUS ORDER
Police Patrol Officer	Bus Drive Engineer (Non. - prof.) Grader Operator Labourer Machine Operator Partsman Pumpman Sanitary Engineer Stockman Storeman Truck Driver Ditch Rider Road Crew	Clergyman Priest Nun Salvation Army Officer
PROTECTION		
SUPERVISORY	TECHNICAL	TRADESMEN
Director of Nursing Chief of Police Maint. Supervisor Park Supervisor Grounds Supervisor Bus Supervisor Supt. of Buildings Supt. of Works Field Supervisor Canal Supt.	Assessor Draftsman Prof. Engineer Lab. Technician Pharmacist Planner Surveyor Tech. Instructor Therapist X-ray Technician	Carpenter Electrician Mechanic Mechanic's Helper Plumber Welder

RECIPROCAL AGREEMENT

Bodies with whom there are reciprocal agreements are as follows:

a) Provincial Government (including crown agencies and boards, except A.G.T.);

b) Federal Government (Civil Service);

c) Board of Administrators of The Alberta Teachers' Retirement Fund;

d) Central Mortgage and Housing Corporation; and

e) The City of Calgary.

APPROVED PUBLIC BODIES

Approved public bodies include:

a) All Provincial Governments, including universities;

b) Local authorities in other provinces, including the teaching service;

c) Alberta Government Telephones;

d) R.C.M.P.;

e) Peace time military service;

f) McMaster University, Hamilton, Ontario;

g) Canadian Wheat Board;

h) Children's Aid Society of Metropolitan Toronto;

i) Industrial Development Bank.

LA 22 APPLICATION

PURPOSE

This form should be used by a local authority when making application to the Public Service Pension Board to bring its employees under the Local Authorities Pension Plan. It should be used also when applying to bring under the plan certain occupational classes of employees.

PROCEDURE

The form should be completed in the following manner:

"Date"
The date the form is completed.

"Name of Local Authority"
The name of employer making the application.

"Address"
The address of the local authority should be shown.

"All Eligible Employees"
It should be indicated in the square provided if the local authority wishes to bring under the plan all eligible employees.

"Every Eligible Employee"
"of, or with the exception of (check one) the following occupational class(es)" - The names of the classes are to be listed of those classes who will be either included or excluded from the plan. For list of those classes see Appendix "A" - Approved Classes.

"Effective Date of Participation"
This date must be given. Date of participation may be made retroactive in effect, if so desired.

"Authorized Signing Officer"
This must be a person authorized to sign on behalf of the local authority making application.

"Title"
Position held by an officer designated as the signing officer of the local authority.

LA 22

THE LOCAL AUTHORITIES PENSION ACT

APPLICATION

Date _____

Name of Local Authority _____

Address _____

The above-named Local Authority hereby makes application under Section 3 (2) of The Local Authorities Pension Act to bring under the pension plan:

☐ All eligible employees

or

☐ Every eligible employee

(a) ☐ of the following classes

(b) ☐ with the exception of the following classes

1. _____	7. _____
2. _____	8. _____
3. _____	9. _____
4. _____	10. _____
5. _____	11. _____
6. _____	12. _____

Effective date of participation _____

_____
Signature of Authorized Signing Officer

_____
TITLE

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